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## **Obama Budget Restores Housing Vouchers Targets Vouchers to Reduce Homelessness, Help Victims of Domestic Violence, Keep Families Together**

By Douglas Rice

Thanks to funding Congress provided in 2014 and 2015, state and local housing agencies are beginning to restore assistance to families after the 2013 sequestration cuts eliminated 100,000 housing vouchers. The President’s fiscal year 2016 budget would finish the job of reversing the sequestration cuts by renewing all vouchers currently in use and restoring an additional 67,000 vouchers next year. Fully restoring the vouchers cut by sequestration should be a key goal this year; the incidence of severe housing affordability problems among renters remains well above pre-recession levels and homelessness remains a large and persistent problem in many communities.

The President’s budget sets aside 30,000 of the 67,000 “restoration” vouchers to reduce homelessness, provide safe homes for victims of domestic and dating violence, and prevent low-income children from being separated from their families due to inability to afford adequate housing. This strategy of targeting vouchers on particularly urgent needs builds on the proven success of the HUD-VA Supportive Housing (VASH) program in sharply reducing veterans’ homelessness.

The President’s budget achieves the goal of fully reversing sequestration’s voucher cuts — while also raising funding for veterans’ services, job training, medical research, education, and other domestic policy priorities — in large part by eliminating the austere sequestration-level spending limits established by the 2011 Budget Control Act and offsetting the resulting costs through savings in other parts of the budget.<sup>1</sup> (In contrast, the budget resolutions that the House and Senate Budget Committees approved last week retain the sequestration-level limits for fiscal year 2016 and cut non-defense discretionary spending well below the sequestration levels in 2017 and later years.)

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<sup>1</sup> David Reich and Joel Friedman, “President’s Sequestration Relief Would Ease Austerity Without Raising Deficits,” Center on Budget and Policy Priorities, February 3, 2015, <http://www.cbpp.org/cms/index.cfm?fa=view&id=5264>, and David Reich, “Sequestration and Its Impact on Non-Defense Appropriations,” Center on Budget and Policy Priorities, February 19, 2015, <http://www.cbpp.org/cms/index.cfm?fa=view&id=5272>. Funding for non-defense discretionary programs would nevertheless continue to fall over the next several years to a historically low level, measured as a share of GDP, under the President’s proposal.

The President’s funding request for Housing Choice Vouchers is 4.6 percent above the 2010 level, adjusted for inflation. This is a very modest rise in light of congressional decisions to fund additional vouchers since 2010 and rental cost increases in the private market over that period.

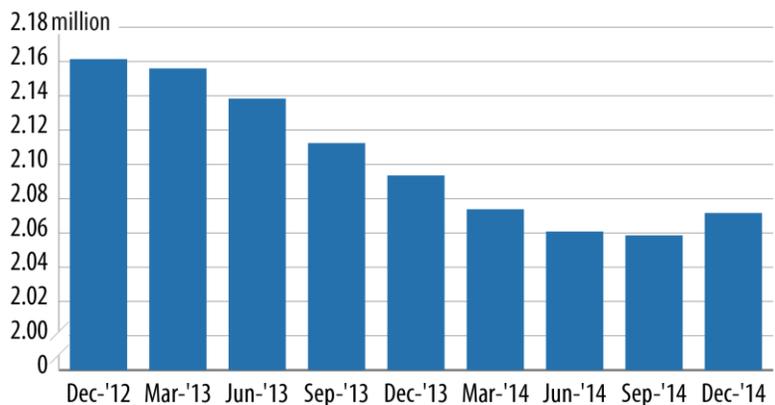
## Agencies Poised to Restore a Third of Housing Vouchers Cut by Sequestration

Following the 2013 sequestration funding cuts, most housing agencies had no choice but to sharply reduce the number of families with vouchers.<sup>2</sup> By December 2013, agencies were assisting about 70,000 fewer families than they had a year earlier. The cuts continued to deepen during the first half of 2014: by June, agencies were assisting approximately 100,000 fewer families.<sup>3</sup>

Congress raised voucher funding in 2014 relative to the sequestration-depleted 2013 level and provided a more modest increase in 2015.<sup>4</sup> These increases stemmed the cuts in the number of families assisted; by the end of 2014, agencies had begun to restore vouchers to use. (See Figure 1.) Also, the number of “vouchers on the street” — that is, the number of new families with vouchers seeking rentals — was unusually high at the end of 2014.<sup>5</sup>

We estimate that in late 2014 and 2015, agencies will restore roughly 30,000 of the 100,000 vouchers that had been cut. Agencies have incentives to assist as many families as they can with available funds. Helping more families qualifies agencies for more administrative funds in the

FIGURE 1  
**Sequestration Caused Loss of Housing Vouchers for 100,000 Low-Income Families by Mid-2014**



Note: Figures do not include nearly 60,000 new “tenant-protection” vouchers and veterans’ supportive housing (VASH) vouchers issued to families since December 2012. Tenant-protection vouchers replace public or other assisted housing that has been demolished or otherwise eliminated, so they do not represent a net gain in families assisted; Congress excluded VASH vouchers from sequestration.

Source: CBPP analysis of Department of Housing and Urban Development data

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<sup>2</sup> As the 2011 Budget Control Act required, the Office of Management and Budget implemented across-the-board sequestration cuts in March 2013. Sequestration reduced funding for the renewal of Housing Choice Vouchers by \$858 million — equivalent to funding for some 110,000 vouchers.

<sup>3</sup> CBPP estimates from HUD data. The estimates do not count nearly 60,000 new “tenant-protection” vouchers and veterans’ supportive housing (VASH) vouchers that HUD awarded to state and local housing agencies (and that agencies then issued to families) from December 2012 to December 2014. Tenant-protection vouchers replace public or other assisted housing that has been demolished or eliminated for other reasons; our analysis of sequestration’s impact does not include these vouchers because they do not represent a net gain in the number of families receiving assistance. We also did not count new VASH vouchers, as Congress excluded VASH vouchers from sequestration and our intent is to isolate the effects of sequestration on local rental assistance resources.

<sup>4</sup> In addition to giving housing agencies sufficient funds to renew vouchers at their average leasing levels and costs during calendar year 2014, the 2015 law directed HUD to provide supplemental funds for agencies assisting more families at the end of 2014 or early 2015 than over calendar year 2014, on average; it also set aside a portion of renewal funds for this purpose. This provision will help agencies that were restoring vouchers to use in 2014.

<sup>5</sup> More than 70,000 families were seeking rentals with vouchers in hand from July through December, or more than 25,000 above the monthly average for the two years before sequestration.

current year and more renewal funds in the subsequent year. Moreover, agencies that retain excess amounts of unspent funds at the end of 2015 risk losing those funds in 2016.<sup>6</sup>

### What Is the Housing Choice Voucher Program?

More than 5 million people in more than 2 million low-income families use vouchers to help pay for housing that they find in the private market. About half of the households using vouchers are seniors or people with disabilities; most of the rest are working families with children. Voucher households have incomes of about \$13,100, on average, well below the poverty line.

Families with vouchers generally must contribute 30 percent of their income for rent and basic utilities. The voucher pays the rest of the rental costs up to a reasonable limit set by HUD and the local housing agency.

Vouchers sharply reduce homelessness and other hardships, lift more than 1 million people out of poverty, and give families an opportunity to move to safer, less poor neighborhoods. These effects, in turn, are linked to educational, developmental, and health benefits that can improve children's long-term prospects and reduce costs in other public programs.

For more information on the voucher program, See "Policy Basics: The Housing Choice Voucher Program," Center on Budget and Policy Priorities, updated May 14, 2014, <http://www.cbpp.org/cms/index.cfm?fa=view&id=279> and Will Fischer, "Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children," Center on Budget and Policy Priorities, March 10, 2014, <http://www.cbpp.org/cms/index.cfm?fa=view&id=4098>.

### President's Budget Would Renew All Vouchers in Use and Restore Remaining Vouchers Cut by Sequestration

The President's 2016 budget anticipates that agencies will restore some vouchers this year and requests sufficient funding to renew these and all other vouchers in use. It also proposes to restore an additional 67,000 vouchers cut by sequestration and direct 30,000 of them to reducing homelessness, assisting victims of domestic and dating violence, and preventing low-income children from being separated from their families due to inability to afford adequate housing.

The budget requests \$21.1 billion for Housing Choice Vouchers, including \$18.3 billion to renew voucher assistance for well over 2.25 million families. The latter amount is \$848 million or 4.8 percent above the 2015 funding level. The request reflects a reasonable, even conservative, estimate of the likely costs of sustaining assistance for current families in 2016, as an examination of the factors that largely determine renewal costs — the number of vouchers used in the prior year and their cost, adjusted for inflation<sup>7</sup> — shows:

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<sup>6</sup> In six of the past eight years, Congress has authorized HUD to reduce renewal funding for agencies with excess reserves of unspent funds, and HUD has implemented reserve offsets in four of those years (2008, 2009, 2012, and 2014). Policymakers recognize that it is prudent for agencies to maintain modest reserves to ensure that assistance payments for vouchers that families are using will not be interrupted due to unexpected changes in leasing or costs. However, they have frowned on the accumulation of reserve balances that exceed 8 percent of annual costs, and have proposed at times to limit reserves to as low as 6 percent, although smaller agencies, which can experience greater cost volatility, receive greater leeway.

<sup>7</sup> Families contribute roughly 30 percent of their income for housing costs; the voucher fills the gap between this contribution and the actual rent and utility costs of the unit, within reasonable limits set by HUD and the local housing agency. This system ensures that

- More vouchers will require renewal in 2016 than in 2015. As explained above, agencies are poised to restore this year 30,000 of the 100,000 vouchers they had removed from use due to sequestration. In addition, Congress separately funded some 37,000 new vouchers in 2014 and 2015 that will require renewal funding in 2016 to be sustained.<sup>8</sup> These additional renewals will raise costs by approximately 3 percent over 2015 renewal costs, we estimate.
- The Consumer Price Indices for rents and utilities in the private market have grown at a nominal combined rate of 2.3 percent a year over the past five years, although growth has been well over 3 percent over the past 12 months.<sup>9</sup> Even if family incomes rise somewhat due to the improving economy, they are unlikely to rise sufficiently to fully offset the increase in market rents.<sup>10</sup>

Summing the likely increase in the number of vouchers requiring renewal funding and the anticipated rise in per-voucher subsidy costs, renewal funding will have to grow by more than 5 percent in 2016 to prevent a reduction in the number of families assisted. The President’s budget request for renewals is slightly below, yet roughly consistent with, this estimate.

## **Budget Targets Restored Vouchers to Reduce Homelessness, Meet Other Urgent Needs**

The President’s 2016 budget also requests \$512 million to restore approximately 67,000 housing vouchers cut under sequestration, as noted above. These vouchers, combined with the vouchers that the President’s request renews, would fully reverse the cuts implemented under sequestration, thereby finishing the job that Congress began in 2014 and 2015. The President proposes to target 30,000 of these vouchers on three categories of people with particularly urgent needs for assistance.

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housing will remain affordable to families as their incomes rise and fall, while also making sure that the federal subsidy is no higher than needed to meet this goal.

<sup>8</sup> These included VASH vouchers for homeless veterans; “tenant protection” vouchers, which HUD issues to agencies in communities that lose other types of federally assisted housing (for instance, when public housing is demolished); and Rental Assistance Demonstration (RAD) conversion vouchers, which HUD issues to public or private owners of assisted housing that are converting from federal subsidy streams to project-based vouchers as part of RAD, which Congress first authorized in 2012. Note that the transfer of funding from the public housing to the voucher programs covers the costs of RAD vouchers associated with public housing conversions.

<sup>9</sup> These figures are based on the CPI for residential rents and household fuels and utilities, weighted to reflect the fact that the former constitutes about 85 percent of rental costs and the latter 15 percent, according to the Consumer Expenditure Survey. The CPI figures cited are roughly consistent with the long-term trend estimate of 2.3 percent that HUD used in calculating Fair Market Rents for 2015.

<sup>10</sup> To fully offset the effect of inflation in rent and utility costs — so that voucher costs don’t rise at all in nominal terms — household incomes would typically have to rise about *three times* faster than rent and utility costs, an extremely unlikely occurrence. Consider, for instance, that about half of voucher households live on Social Security or other fixed income sources, and Social Security cost-of-living adjustments have averaged 1.7 percent over the past five years. While annual increases in the average per-voucher subsidy recently have been well below CPI increases in rents and utilities in recent years, this has had little to do with rental costs or tenant incomes. Rather, funding shortfalls due to sequestration have forced housing agencies to take actions that have effectively suppressed subsidy costs; for instance, many agencies have reduced or frozen their “payment standards” — which determine the maximum subsidy that families using vouchers may receive — thereby preventing voucher subsidies from rising in accord with increases in local rents. Agencies cannot sustain this over the long term without significantly increasing rent burdens for assisted families and reducing their ability to find suitable housing in which to use their vouchers. It is therefore reasonable to expect — and essential to the program’s effectiveness — that per-voucher costs return closer to the market norm over time.

### *Homeless Families and Veterans, Tribal Families, and Victims of Domestic and Dating Violence*

The President's budget proposes \$177.5 million for 22,500 housing vouchers for families, veterans (including those ineligible for VASH vouchers), and tribal families who are homeless, as well as for victims of domestic and dating violence. This proposal builds on the successful strategy used in the VASH program, which has contributed to substantial reductions in homelessness among veterans. Since 2008, Congress has funded approximately 76,000 vouchers for homeless veterans who also receive mental health treatment and other services from the Department of Veterans Affairs. The number of homeless veterans fell by 33 percent between 2010 and 2014, and the nation is on track to virtually eliminate veterans' homelessness by the end of 2015, according to the Administration.<sup>11</sup>

Despite this clear progress — as well as progress in other areas, such as reducing chronic homelessness among individuals with significant disabilities — homelessness remains a large and persistent problem for other groups of people.<sup>12</sup> Homelessness among families with children remains stubbornly high, for example, and has grown at an alarming rate in places such as Massachusetts, New York City, and Washington, D.C.<sup>13</sup> Nationally, more than 1.2 million children attending public schools are homeless or living in unstable housing situations such as temporary motels or doubled-up with other families, and this figure does not include many other children who are too young to attend school.<sup>14</sup> In addition, domestic violence is a common precipitating factor in homelessness.

Housing vouchers are a particularly flexible and effective resource for community efforts to eliminate homelessness. Research shows that vouchers sharply reduce homelessness among families. (See Figure 2.) Since vouchers are portable, homeless households may use them to rent housing in places that best suit their needs — for instance, in neighborhoods with ready access to jobs, health care, child care, or other services. Housing agencies may also “project-base” up to one-fifth of their vouchers — that is, tie the vouchers to particular housing developments for fixed periods such as 10 or 15 years. Project-based agreements are useful for developing supportive housing, which provides mental health and other services to homeless individuals and families that need them to remain stably housed. Owners can also leverage project-based voucher agreements to finance housing construction or rehabilitation.

A central plank of any viable strategy to eliminate homelessness is thus to expand the number of vouchers and other affordable housing options for at-risk individuals and families. To achieve this, it is important not only to expand the amount of available rental assistance, but also to direct a larger

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<sup>11</sup> With the additional 20,000 VASH vouchers that Congress funded in 2014 and 2015, the Administration argues, communities will have sufficient capacity to eliminate homelessness among veterans who are eligible for VASH. The President's targeted voucher proposal, recognizing that some homeless veterans are *ineligible* for VASH — for instance, because of their service discharge status or because they are in communities where VASH vouchers are not available — would make such veterans eligible for assistance.

<sup>12</sup> Since 2010, chronic homelessness has declined by 21 percent. The President's budget includes a \$345 million increase for homeless assistance grants, most of which would be directed to create 25,500 new units of supportive housing for chronically homeless individuals.

<sup>13</sup> For example, see Aaron C. Davis and Julie Zauzmer, “With 4,000 in homeless shelters, D.C. on pace to eclipse record set last year,” *Washington Post*, January 29, 2015, [http://www.washingtonpost.com/local/dc-politics/with-4000-in-homeless-shelters-dc-on-pace-to-eclipse-record-set-last-year/2015/01/29/e74de4ca-a7c4-11e4-a06b-9df2002b86a0\\_story.html](http://www.washingtonpost.com/local/dc-politics/with-4000-in-homeless-shelters-dc-on-pace-to-eclipse-record-set-last-year/2015/01/29/e74de4ca-a7c4-11e4-a06b-9df2002b86a0_story.html); and Laila Kearney, “New York City sees record number of children in homeless shelters,” Reuters, March 19, 2015, <http://www.reuters.com/article/2015/03/19/us-usa-new-york-homelessness-idUSKBN0MF2JH20150319>.

<sup>14</sup> National Center for Homeless Education, “Education for Homeless Children and Youth Consolidated State Performance Report Data: School Years 2010-11, 2011-12, and 2012-13,” September 2014, [http://center.serve.org/nche/pr/data\\_comp.php](http://center.serve.org/nche/pr/data_comp.php).

share of *existing* assistance on the most vulnerable households. Accordingly, the President’s targeted voucher proposal could encourage more agencies to eliminate barriers that hinder them from assisting more homeless individuals and families with existing rental assistance resources.

Only 1 in 4 agencies that administer public housing or voucher programs participate in the local continuum of care (the planning body that coordinates federal homeless assistance resources) or has policies to direct assistance to homeless individuals and families, according to a recent HUD-sponsored study.<sup>15</sup> In addition, agency policies such as removing people with no fixed address from their voucher waiting lists create barriers to serving homeless people. While rental assistance programs are effective at *preventing* homelessness, data collected by HUD suggest that only a small share of “mainstream” rental assistance resources go to individuals and families who are *already* homeless. Only about 5 percent of new voucher program admissions in 2013 were homeless upon admission, for example, and the public housing program admitted only 2,215 homeless households in 2014, an even smaller share of new admissions.<sup>16</sup>

The President’s proposal to target vouchers to reduce homelessness would encourage agencies to collaborate with continuums of care and other key partners, and could create incentives for agencies to modify their policies and procedures to reduce barriers to serving homeless people.<sup>17</sup> As a result of these incentives, the impact of the proposal could be significantly greater than the number of new targeted vouchers.

### *Victims of Domestic and Dating Violence Living in Assisted Housing*

Congress amended the Violence Against Women Act in 2013 to require that HUD establish policies and procedures under which victims of domestic violence, dating violence, sexual assault, or

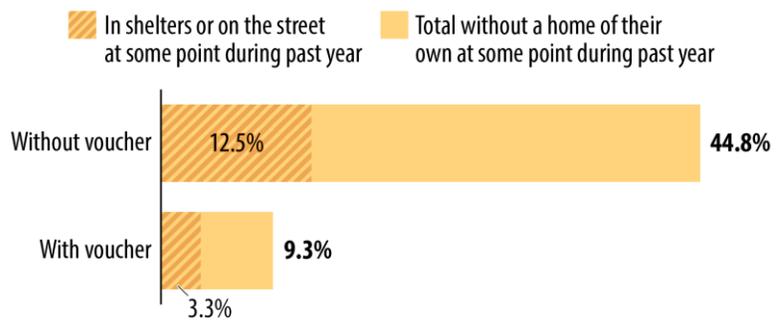
<sup>15</sup> Office of Policy Development and Research, “Study of PHAs’ Efforts to Serve People Experiencing Homelessness,” Department of Housing and Urban Development, February 2014.

<sup>16</sup> U.S. Interagency Council on Homelessness, “Opening Doors Update 2013, Appendix,” April 2014; and congressional justifications for the President’s budget for fiscal year 2016.

<sup>17</sup> The President’s proposal would require that agencies receiving targeted vouchers either demonstrate that they participate in the local continuum of care or are an eligible recipient of Native American Housing Block Grant funds. Housing agencies that are working with local school liaisons who work with homeless children and their families and are funded under the McKinney Act should also be made eligible. The Administration’s vision of how the housing vouchers for tribal families would be administered or used is unclear, as the budget proposal requests broad waiver authority and states that the voucher assistance for tribal families “shall be subject to requirements of NAHASDA” (the Native American Housing and Self Determination Act).

FIGURE 2

### **Housing Choice Vouchers Sharply Reduce Homelessness and Housing Instability Among Families with Children**



Note: Chart compares housing status of low-income families who were randomly selected to receive a voucher and used a voucher during the year when families were surveyed about housing status to families in a control group who did not use vouchers.

Source: Michelle Wood, Jennifer Turnham, and Gregory Mills, “Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation,” Housing Policy Debate, 2008.

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stalking who live in assisted housing may receive either a transfer to another assisted unit or a housing voucher to enable them to move to a safe location. Because alternative assisted units in a safe location will not always be available, vouchers are essential to ensuring the safe relocation of some families who request transfers. The President’s budget includes \$37.5 million for 4,900 housing vouchers to implement this requirement.

### *Family Unification Program*

The budget sets aside \$20 million for 2,600 new vouchers for families with children participating in the Family Unification Program (FUP). FUP provides vouchers to families that are at imminent risk of having their children placed in foster care or are experiencing a delay in having their children returned to them from such placements, primarily because they cannot afford adequate housing. Youth who are “aging out” of foster care are also eligible for FUP vouchers; a significant share of such youth experience homelessness and a much larger share struggle to maintain stable housing. Research suggests that FUP reduces youth and family homelessness, as well as the risk of child welfare placement.<sup>18</sup> Moreover, the cost of providing services to a child in foster care far exceeds the cost of FUP rental assistance. Congress, which has funded approximately 46,000 FUP vouchers since the program’s initiation in the early 1990s, last funded new vouchers in fiscal year 2010.<sup>19</sup>

As for the remaining 37,000 of the 67,000 “restoration” vouchers, the President’s budget proposes to distribute them to state and local agencies based on “relative need, as determined by the [HUD] Secretary.” The budget documents say little about how HUD would determine “relative need.” HUD could use the “fair share” formula last used in 2002, under which agencies compete to receive a share of allocations that HUD makes available to each state, but other distribution mechanisms are possible.<sup>20</sup> In any case, it is important that HUD use a competitive process that will ensure that recipient agencies deploy the funds quickly and effectively to assist additional families in need.

### **Budget Includes Much-Needed Increase in Administrative Funding**

Roughly 2,300 state and local housing agencies administer the voucher program. They perform tasks that are essential to the program’s effectiveness, such as inspecting housing units where voucher subsidies are used to make sure they are in safe and sanitary condition and meet federal housing quality standards, and verifying tenants’ incomes to ensure the accuracy of subsidy payments and guard against fraud.

Despite the importance of effective program administration, agencies this year will receive only about 74 percent of the administrative funding for which they are eligible under the HUD fee formula. Moreover, 2015 is the fifth consecutive year in which Congress has severely underfunded program administration. Persistently inadequate funding hinders agencies’ ability to reissue vouchers quickly to needy families on their waiting lists when other families have left the program, help

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<sup>18</sup> Patrick J. Fowler and Dina Chavira, “Family Unification Program: Housing Services for Homeless Child Welfare–Involved Families,” *Housing Policy Debate*, Vol. 24, No. 4, 802–814 (2014).

<sup>19</sup> National Center for Housing and Child Welfare, [http://www.nchcw.org/uploads/7/5/3/3/75335556/fup\\_cumulative\\_list.pdf](http://www.nchcw.org/uploads/7/5/3/3/75335556/fup_cumulative_list.pdf).

<sup>20</sup> Under the “fair share” formula, each state or sub-state area received an allocation of vouchers, which HUD distributed to individual agencies via a competition.

families to locate suitable housing in neighborhoods that best meet their needs, respond to complaints about unsafe or unsanitary housing conditions, and prevent fraud.

The President’s budget includes \$2.02 billion for agencies’ administrative expenses, a \$490 million increase over the 2015 level. HUD estimates that agencies would receive approximately 90 percent of the funding for which they are eligible.

## Rental Assistance Hasn’t Kept Pace with Need

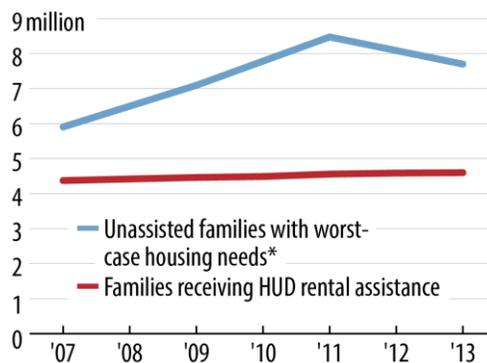
The cuts in housing vouchers in recent years have come at a time when the number of renter households with “worst-case housing needs” remains 30 percent above pre-recession levels and nearly 50 percent above the 2003 level. (HUD defines households with “worst-case needs” as those that have very low incomes and receive no housing assistance, and either pay *more than half* of their income for rental housing or live in severely substandard housing — or both.) In 2013, 7.7 million households had worst-case needs, up from 5.9 million in 2007.<sup>21</sup> Most of these households are seniors, people with disabilities, and families with children. Moreover, these data don’t include many of the more than 1 million households living in shelters or on the streets.

Vouchers and other federal rental assistance programs play an important role in reducing worst-case needs and preventing homelessness, but the available assistance has not kept pace with the rising number of families in need. (See Figure 3.) Only about 1 in 4 eligible low-income families receives federal rental assistance of any kind due to program funding limitations, and nearly every community has a long waiting list for assistance or has stopped accepting applications. When housing agencies in Austin (TX), Indianapolis (IN), King County (WA), and suburban Minneapolis-St. Paul (MN) recently reopened their waiting lists, they were swamped with thousands of applications.<sup>22</sup>

Indeed, the sequestration cuts reversed Congress’ modest progress in meeting the growing need for assistance. Since 2008, Congress has funded nearly 100,000 new vouchers for homeless veterans (VASH), non-elderly people with disabilities, and families with children engaged with child welfare agencies (FUP), but the reduction in families assisted due to sequestration has essentially canceled

FIGURE 3

### Federal Rental Assistance Hasn’t Kept Pace with Need



\*HUD defines families with ‘worst-case housing needs’ as renters who have incomes below half of the local median, receive no housing assistance, and either pay more than half of their income for rent and utilities or live in severely substandard housing or both.

Sources: HUD worst-case needs reports, CBPP analysis of HUD administrative data

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<sup>21</sup> Office of Policy Development and Research, “Worst Case Housing Needs, 2015 Report to Congress: Executive Summary,” U.S. Department of Housing and Urban Development, 2015, [http://www.huduser.org/portal/Publications/pdf/WorstCase2015\\_summary.pdf](http://www.huduser.org/portal/Publications/pdf/WorstCase2015_summary.pdf).

<sup>22</sup> See, for example, <http://kxan.com/2014/10/31/city-gets-more-than-19000-applications-for-housing-assistance/>, <http://www.indystar.com/story/money/2014/10/24/section-waiting-list-flooded-applications/17853629/>, <http://blogs.seattletimes.com/today/2015/02/king-county-housing-authority-buried-in-section-8-applications/>, and <http://www.startribune.com/local/293936331.html>.

out these gains. (As explained above, agencies will restore some of the cut vouchers this year.) The President's budget would complete the job of restoring the remaining vouchers cut by sequestration.

## **President's Voucher Request Would Leave Funding Only Modestly Above 2010 Level**

The President's 2016 request of \$21.1 billion for Housing Choice Vouchers is 4.6 percent above the 2010 level, adjusted for inflation, a very small rise in light of congressional decisions to fund additional vouchers since 2010 for certain groups such as veterans and rental cost increases in the private market over that period.

Since 2010, Congress has appropriated funding for nearly 60,000 new vouchers for homeless veterans and approximately 100,000 new "tenant protection" vouchers for communities that have lost housing assisted under the public housing and other federal programs. These additional vouchers will raise voucher renewal costs by approximately 7.7 percent in 2016, relative to 2010. This increase, as well as the fact that market rent and utility costs have grown somewhat faster since 2010 than inflation overall, suggest that the President's request for housing vouchers is modest, relative to the 2010 funding level.<sup>23</sup>

## **Conclusion**

As noted above, the President's budget proposes to eliminate the sequestration-level spending caps enacted under the Budget Control Act, freeing up some \$37 billion in additional spending for low-income housing and other non-defense discretionary programs in fiscal year 2016. Whether or not Congress and the Administration can reach agreement to modify sequestration, Congress should provide sufficient funding in 2016 to renew all housing vouchers that low-income families are currently using. Congress' ability to restore the remaining 67,000 housing vouchers cut under sequestration — and to target some of those vouchers on homelessness and other urgent needs for housing assistance — may depend, however, on an agreement to mitigate sequestration. Meeting such critical needs is one of many reasons that Congress should aggressively pursue such an agreement.

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<sup>23</sup> The combined Consumer Price Indices (CPI) for residential rents and utility costs rose 9.9 percent from fiscal year 2010 to 2014, slightly above the general CPI change of 8.6 percent. The relative modesty of the President's request is explained by the very low rates of inflation in per-voucher costs since 2010, relative to market rent and utility costs.